

Practical Application of Acquisition Reform in the ICBM System Program Office

Early Industry Involvement, Paperless Acquisition Emerge As Two Key Initiatives

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As the DoD continues to strive for improved ways of doing business in today's era of acquisition reform, success stories are becoming more available. Sharing these stories provides a major benefit to those of us just starting down the road to faster, better, cheaper.

This article examines one such success story by looking at the practical application of two separate but related experience-based acquisition reform initiatives: the involvement of industry in the pre-Request for

Proposal (RFP) process; and effective implementation of "Paperless Acquisition" during the competitive process. Specifically, we discuss the recent award of the Intercontinental Ballistic Missile (ICBM) Prime Integration Contract by the ICBM System Program Office (SPO) at the

Ogden Air Logistics Center, Hill AFB, Utah.

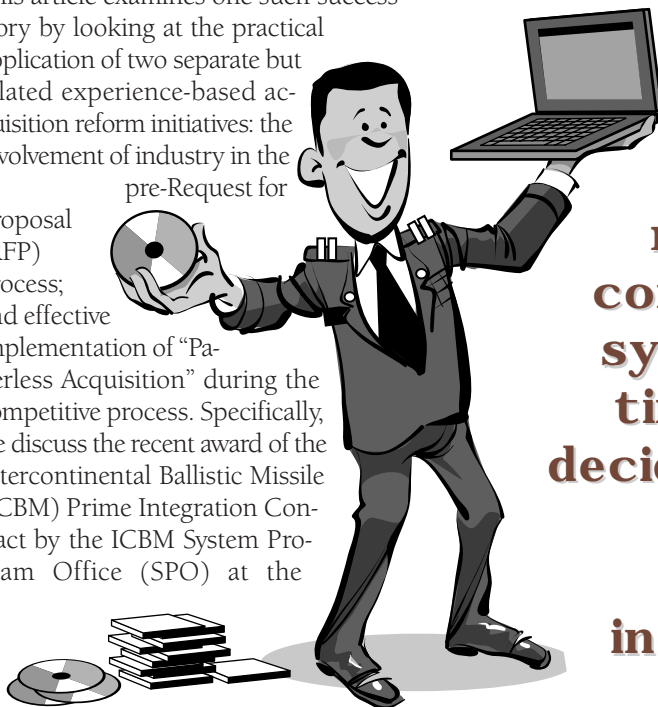
Model for Change

The concept of establishing a single ICBM prime integration contractor evolved during a dynamic period (1995-97) when the Air Force was introducing "Lightning Bolts" to jumpstart acquisition reform initiatives. "Insight vs. Oversight" and "Faster, Better,

Cheaper" were powerful slogans driving significant change. The long-established management process for ICBM weapon system development, acquisition, and sustainment became a model for change.

Ever since the 1954 Secretary of the Air Force decision to develop and field ICBM weapon systems, the management structure for ICBMs centered on a SPO that functioned as the weapon system integrator. Consisting of both government personnel and an in-house Systems En-

Given the limited resources available to complete the ICBM weapon systems procurement in a timely manner, the team decided to "go paperless" to the maximum extent practical, up to and including the conduct of the source selection.



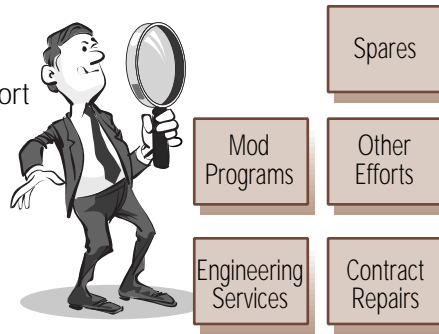
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• 1954 SECAF Memo

- Begin ICBM Development
- Contracted Engineering Support
- Involve Best Minds
 - Rocketry
 - Guidance & Control
 - Nuclear Weapons
- Direct Contracts

• End Result = ICBM Management 1954-1998

- 20 Major Aerospace Firms
- >150 Separate Contracts



Result:

- 43-Year Success Story, But
 - Manpower-Intensive
 - Becoming Unaffordable

budget estimate, with a goal reduction of 20 percent. (The \$4.9-billion budget estimate was based on straight-line projections past the Program Objective Memorandum years for the engineering services that made up the bulk of the contract, and reflected the work that would be on contract at the time of award. The projected addition of modification programs will increase the contract cost over the 15 years beyond the \$3.4-billion award value.)

Applying Acquisition Reform at the Working Level

In December 1996, the Air Force approved an acquisition strategy to begin a source selection process for a prime integration contractor. Specifically, the acquisition strategy directed a full and open competition. The effort being competed would be complex; potential offerors included the long-time SE/TA contractor and other contractors from the industry.

Within that framework, the Assistant Secretary of the Air Force (Acquisition) and the Air Force Program Executive Officer for Space provided top-level support for forward-thinking, “out-of-the-box” solutions to challenges, while empowering the SPO Director, the Prime Integration Contract Program Manager, and the Prime Integration Contract Procuring Contracting Officer to proactively implement the effort.

FIGURE 1. Where We Were

engineering/Technical Assistance (SE/TA) contractor, the SPO contracted directly with individual Associate Contractors (ASCON) providing the hardware and software pieces of the weapon system.

Besides contracting, the SPO also integrated the individual portions, sometimes with the support of a systems integration contractor. This resulted in a large number of SPO-managed contracts (in excess of 150), not only for the hardware and software items, but also for sustaining engineering support over the life of the system.

While this was a management process that worked extremely well, as evidenced by the 40-year safety record and on-alert rate of ICBMs, this was also a manpower-intensive way of operating (Figure 1) and was becoming unaffordable.

The Air Force looked into other ways to manage the ICBM acquisition and sustainment process. In December 1996, the Air Force Acquisition Strategy Panel headed by the Secretary of the Air Force (Acquisition) approved an acquisition strategy for selecting a prime integration contractor. On Dec. 22, 1997, the Air Force awarded the first ICBM Prime Integration Contract. The prime contract places Total System Performance Responsibility (TSPR) on a single prime contractor, TRW, who now functions as the weapon-system integrator.

With the change in acquisition strategy the SPO, in effect, was empowered to

eliminate the SE/TA contract, place future hardware and software buys on the prime contract, and also bring all sustaining engineering support under the purview of the prime (Figure 2).

The Prime Integration Contract is a contracting vehicle for managing ICBM weapon system acquisition, modifications, and support, including Acquisition Category (ACAT) programs. It is not, in itself, an ACAT program. The prime contract with TRW, a one-year basic contract with 14 one-year options, has a potential value of \$3.4 billion. This is \$1.5 billion less than the government budget estimate of \$4.9 billion included in the RFP. Setting a threshold for proposal consideration, we required that offerors come in 10 percent below the

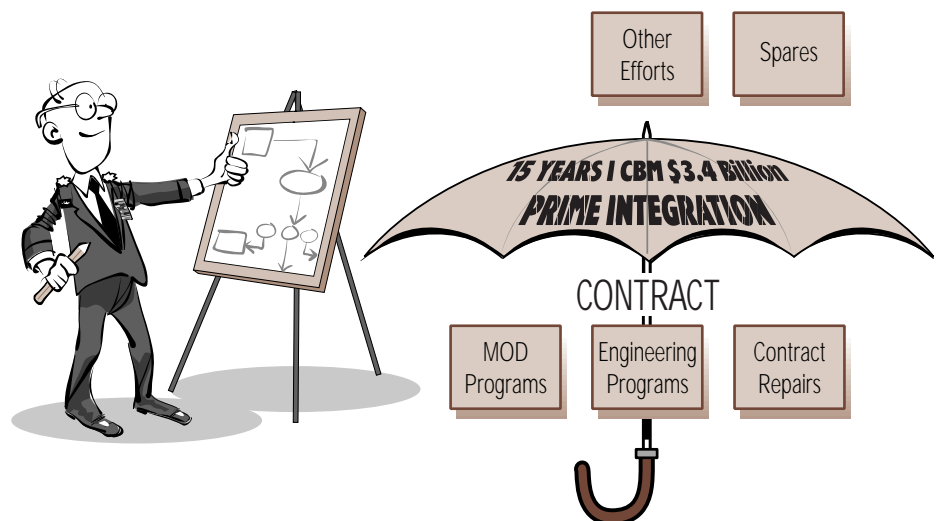


FIGURE 2. Where We Are

Continuous open, honest communications with potential offerors enhanced the pre- RFP dialogue between industry and government – and electronic processes and products were key to facilitating this openness.



Thus empowered, the SPO team targeted two areas in particular as crucial to the success of the procurement.

First, given the complexity of the effort to be contracted, the team viewed continual dialogue with industry as essential to ensure complete understanding of the requirements (Figure 3). This was particularly critical to ensure that weapon system operational requirements would not be impacted at contract start; i.e., the switchover in management structure had to be transparent to the SPO's customer, Air Force Space Command.

Additionally, given the limited resources available to plan the effort and the need to complete the procurement in a timely manner, the team saw a need to "go paperless" to the maximum extent practical, up to and including the conduct of the source selection.

The effective implementation of these two key acquisition reform initiatives was instrumental to the SPO's ability to successfully overcome challenges, which included level-playing-field concerns, organizational conflict of interest mitigation for the SE/TA contractor, and industrial base issues. The implementation proved to be so intertwined and synergistic, it allowed our team and senior Air Force acquisition leaders to set the tone for continuous open, honest communications with potential offerors, and ultimately enhanced the pre-RFP dialogue

between industry and government. Electronic processes and products were key to facilitating this unprecedented level of openness.

As a team, we took specific, deliberate steps to resolve the source-selection challenges:

- Several "one-on-ones" with industry took place during acquisition strategy development to encourage dialogue and industry involvement. These one-on-ones were followed by Industry Days and a session at the Air Force Innovation Center in the Pentagon for electronically enhanced strategy sessions. (The Air Force Innovation Center is similar to DSMC's Management Deliberation Center, providing anonymous, electronic means to obtain feedback on proposed plans and strategies.)
- Advance planning, training and scheduling resulted in the successful use of the Hill AFB Electronic Source Selection Center. Prior to the source selection, the program-office team checked out the facility and equipment, tested the software, and invited the potential offerors to tour the facility and provide sample electronic data to test the software for compatibility. Additionally, the week before final proposal submission, the offerors were allowed to bring their proposals into the facility to check formatting, coloration, and readability on the government's equipment.
- During the pre-RFP process, contractor representatives met weekly with the SPO and maintained near-daily contact by phone and E-mail. To facilitate the process, the SPO program team made available to potential offerors, extensive documentation and resources. Likewise, potential offerors briefed the SPO team on their interpretation of various RFP requirements, thus providing invaluable feedback on the clarity and completeness of the draft RFP.
- The Ogden Air Logistics Center's RFP Support Organization (now the Acquisition Support Division) Web site, accessible by industry, became the primary vehicle for "paperless acquisition" during the competition process. The draft RFP, industry questions answered by the SPO, two updated draft RFPs incorporating industry comments, and the official RFP were released on the Web.
- Proposals were submitted on CD-ROM. The resulting electronic source selection saved several days of effort and reams of paper, while providing a highly effective and efficient process. The Source Selection Evaluation Team

generally adapted quickly to the new process.

- Finally, the contract itself was awarded and distributed on CD-ROM.

Lessons Learned

Our experiences yielded a few valuable lessons learned that program managers and teams may wish to consider in their own programs:

- Senior-level support was critical to the successful implementation of these initiatives.
- Other program office model processes and documents, electronic source selection software, and lessons learned were invaluable to the “start-up.”
- Don’t underestimate the amount of information the potential offerors may request.
- For consistency of information, ensure the SPO program team participates during the pre-RFP government-industry dialogue, and also ensure everything goes through the Procuring Contracting Officer.
- Pre-RFP dialogue with industry – good communications – was a critical factor in obtaining competition and probably contributed to the protest-free award.
- Provide potential offerors the opportunity to run a sample document (proposal) on the source selection facility computer prior to source selection. This allows them an opportunity to check out the software compatibility, format, colors, or any other automated features that might affect their presentations.
- “Up front and early” planning and teaming *really work!*

Results and a Few Kudos

The ICBM SPO initiated the Prime Integration Contract on-schedule in January 1998, meeting every program goal: transparency to the weapon system user, maintenance of operational perfor-

mance, and significant savings to the Air Force and taxpayers.

Darleen Druyun, Principal Deputy Assistant Secretary of the Air Force (Acquisition & Management), named the ICBM program team the 1997 Secretary of the Air Force (Acquisition) Team of the Year, citing its effort as “... a watershed event” that “... demonstrated the meaning and dynamic of leadership, professionalism, teamwork, and innovation” for its acquisition reform initiatives.

The Air Force Program Executive Officer responsible for the ICBM program and the ICBM System Program Director attest to the ongoing success of the contract and the key role of two acquisition reform initiatives – early industry involvement and paperless acquisition.

Brent Collins, Air Force Program Executive Officer for Space, credits “... the numerous acquisition reform initiatives implemented as part of this effort” as instrumental to achieving the “... projected savings of \$1.5 billion in life-cycle costs, with no reduction in weapon-system performance or readiness.”

In the words of Air Force Col. Ben Overall, the ICBM System Program Director, “The basic reason the Air Force went to a prime contractor was to save money. Early industry involvement allowed us to clearly articulate that goal to potential offerors. Going paperless gave us an almost continuous review by industry of each draft RFP update. The result exceeded our expectations – we saved 30 percent.”

Now, after more than a year of operating under the new paradigm, the ICBM SPO attests to the contract’s success and the value-added role of these two acquisition reform initiatives. We believe they have beneficial applications throughout the acquisition community.

Editor’s Note: For additional information on the application of these and other acquisition reform initiatives within the ICBM SPO, please contact Air Force Lt. Col. Rakesh “Rocky” Dewan at DSN 777-9159; Commercial: (801) 777-9159. General information on the ICBM SPO is located at <http://www.hill.af.mil/icbm/Impage/> on the SPO Web site.

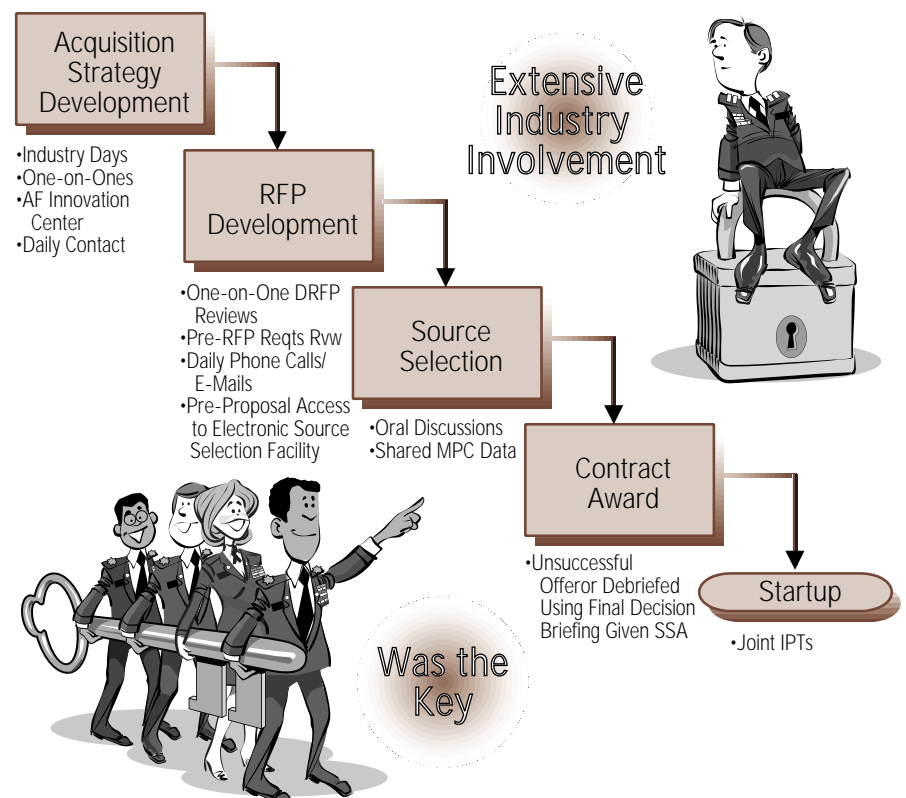


FIGURE 3. How We Got There